

SECTION 500.00 – AGREEMENT ADMINISTRATION

SECTION 510.00 – NOTICE TO PROCEED

Once the pre-award audit assurance has been completed, the Consultant Administration Unit (CAU) will send the Agreement to the consultant for signature.

After the consultant signs the Agreement (and obtains the Sponsor's signature for Local projects), all copies of the Agreement are returned to the CAU for signature by the Assistant Chief Engineer – Development.

Once all the processing requirements are completed, a "Notice to Proceed" letter is then prepared and signed by the Chief of Administration. The letter shall distribute the executed copies of the agreements and accompanying Professional Services Authorization documents.

Costs incurred prior to the Notice to Proceed are not reimbursable.

SECTION 520.00 – PRE-OPERATIONAL CONFERENCE

A pre-operational conference shall be held once the agreement is executed, and preferably prior to the beginning of work. Additionally, a pre-operational conference would be appropriate at the beginning of a substantial Supplemental Agreement. The Agreement Administrator, Sponsor, District Records Inspector, Consultant, and Representative of the CAU and any other applicable parties are invited to attend. The CAU representative conducts the meeting.

The intent of a pre-operational conference (kick-off meeting) is to thoroughly discuss all contractual issues and to see that all parties understand their individual roles and responsibilities under the contract. After the contractual issues are discussed, the Agreement Administrator and the Consultant shall discuss the work of the Agreement.

SECTION 530.00 – PROFESSIONAL SERVICES AUTHORIZATION

A written Professional Services Authorization (PSA) is issued by the department to authorize the Consultant to proceed with a specific portion of the work. The Consultant Administration Engineer (CAE) has the authority to issue individual PSAs for the signed agreements. (See [Section 1000](#), Samples, for an example of an ITD-2761, Professional Services Authorization and Invoice Summary.) The PSA controls the cash flow of a project and forces the Consultant and the Agreement Administrator to communicate.

The number of PSAs required to accomplish all the work under the Agreement may be one or several. Each PSA authorizes an increment of funding and designates a maximum dollar amount, and ties the dollar amounts to milestones or deliverables.

The department assumes no obligation of any kind for expenses incurred by the Consultant for services performed outside of the work authorized by the PSA, or for any dollar amount greater than authorized by the PSA.

The Consultant should be made aware that they must notify the Agreement Administrator when project expenses reach the sixty to eighty percent (60% to 80%) level of a PSA. However, the Agreement Administrator should also be monitoring the project cash flow and not allow the Consultant to over spend the authority of any PSA. The Agreement Administrator and the Consultant should regularly review the

status of the project and discuss the Consultant's request for the issuance of the next PSA. The Agreement Administrator will then contact the CAE, in writing, and request the issuance of the next PSA.

Sometimes when the total amount of work is not known, creating a budget and reimbursing the Consultant as work is performed can be very desirable. The Consultant begins the work for a set amount under the first PSA. After each segment of work, the Consultant and the Agreement Administrator meet to review the work. The Agreement Administrator then decides whether to continue the work and as necessary, subsequent PSAs are issued. Examples of this type of work are: designer-related construction services; survey support for right of way acquisition; and any service where the scope of work is general.

SECTION 540.00 – AGREEMENT MANAGEMENT

The consultant is expected to properly manage the work effort in a reasonable and prudent manner and to fulfill the agreement. The consultant should keep performance within the scope of work and estimate, keep the department informed as the work progresses, and not perform additional work without written authorization from the CAU to do the work.

The following are basic consultant contract management techniques.

540.01 Monthly Progress Report. The Consultant submits a monthly progress report using [ITD-771](#), Professional Agreement Progress Report, (see [Section 900](#), Forms) for each month that the agreement is in effect, unless the requirement is suspended due to putting the work of the agreement on hold. The Consultant's invoice shall be accompanied by a progress report.

The progress report represents the official communication by the Consultant with the Agreement Administrator. A description of the work accomplished during the month is listed along with any information required from the department to avoid delays. Any anticipated changes in the scope of work that could cause time and/or cost revisions are listed.

The Agreement Administrator uses the back of the progress report form to keep track of the project status in regards to agreement time, payments made, and percentage of work completed.

540.02 Construction Support Services If necessary, an increment of funding should be set up for designer-related construction services in the original Agreement or added by a Supplemental Agreement. The amount of the fund will vary depending on the amount of shop drawing, submittal review, and designer support services that are anticipated.

The Consultant could be paid on a unit cost basis or cost plus fixed fee, for support services when requested by the Resident Engineer.

540.03 Resident Engineer's (RE) File. A RE file is required as part of the "scope of work," the Agreement Administrator and the Consultant shall meet with the Resident Engineer and review the RE file prior to the advertisement of the project.

540.04 Errors and Omissions.

The Code of Federal Regulations, [23 CFR 172](#), states:

“Contracting agencies should include a clause in engineering contracts requiring the consultant to perform such additional work as may be necessary to correct errors in the work required under the contract without undue delays and without additional cost to the owner. However, in general, a consultant should not be held responsible for additional costs in subsequent related construction resulting from errors or omissions which are not a result of gross negligence or carelessness.”

The department should only pay once for specified work. The Consultant should correct all errors in a timely manner without any additional cost to the department. Should errors or omissions cause additional construction costs, the Consultant should not be held responsible for these additional costs unless they were a result of gross negligence or carelessness. These costs are an inherent part of an Owner's responsibility that cannot be shifted to others. When the Consultant is asked to clarify design intent, no compensation should be made. However, compensation should be made when designer-related construction support services are requested.

When the Resident Engineer finds what is thought to be an error or omission, the CAU should be contacted. After consulting with Legal and Management as necessary, the Consultant Administration Engineer and the Construction Engineer will provide advice on the proper course of action.

540.05 Supplemental Agreements. A professional agreement may be modified in any manner by a supplemental agreement. Supplemental agreements are usually used to add work, address changes to the work, or change the agreement amount. Supplemental agreements require the same level of negotiations and review as the original agreement, except Legal approval is not required. To determine the authorization level for a supplemental agreement, refer to the Instructions for Completing Form [2112-AUTH](#), and Board Policy, [B-06-08](#), Professional Service Agreements. (See [Section 900](#), Forms)

Supplemental agreements cannot be written for Work Tasks connected with a Term Agreement. A new Work Task must be prepared for the additional work, but the total of all work tasks for that project shall not exceed \$250,000.

540.06 Adjusting Contract Time. The Agreement Administrator will be responsible for adjusting the agreement time by notifying the Consultant in writing. (See [Section 1000](#), Samples, for the Time Extension Letter) A copy of this time extension approval shall be forwarded to the CAU.

There shall be no more than two (2) time extensions per agreement and the total time extensions shall not exceed 100% of the original agreement time.

540.07 Consultant Performance Evaluation. A performance evaluation report is to be prepared by the Agreement Administrator. (See [Section 1000](#), Forms, for an [ITD-2759](#), Consultant Services Performance Evaluation) The original of the report is sent to the Consultant for comments and returned to the Agreement Administrator. A copy of the report is sent to the CAU.

The report is filed in the Consultant's permanent file that CAU maintains. The CAU also sends a copy for review to the Chief Engineer, the Assistant Chief Engineer - Development, and the Roadway Design Engineer or the appropriate Division personnel.

540.08 Payment for Services Rendered. When consultant performance is in reasonable conformance with the agreement, the intent is that the consultant should receive full payment for services rendered.

The Consultant submits the invoice, consisting of signed: [ITD-771](#), Professional Agreement Progress Report, [ITD-2761](#), Professional Services Authorization and Invoice Summary, the Consultant's invoice cover sheet, and invoice support documentation. The current certified labor rates should be approved and already in the file.

The Agreement Administrator reviews the invoice to see that the labor hours and expenses claimed are reasonable for the work performed, and that there is supporting documentation for all labor and expenses claimed. A mathematical check is performed. The back of the [ITD-771](#) is completed. The [ITD-2761](#) and [ITD-771](#) are signed and dated.

During the course of an agreement, there may be instances where an invoice is greater than the balance on the [ITD-2761](#) (PSA). If that is the case, the consultant will submit two PSA's to cover the invoice. The invoice is then forwarded to the second reviewer (the District Records Inspector for agreements administered in the Districts). The second reviewer gives the invoice a thorough check, signs, and dates the [ITD-771](#). Payment of the invoice is processed by the District Records Inspector in the District and by

office staff in headquarters. The Invoice Entry and Tracking form is filled out, the invoice is data entered, and a check is issued. The six-digit billing reference number from the PSA and the Reference Code "KK" shall be used. If two PSA's are submitted for one invoice, the Invoice Entry and Tracking Form should have two line items, one for each PSA and its billing reference number.

540.09 Agreement Close Out. Once the work of the Agreement has been completed and accepted, the Agreement should be closed out. The performance evaluation and an affidavit of indebtedness shall be submitted to the Consultant for his response and action.

A copy of the following shall be sent to the CAU to close the agreement:

1. A final [ITD-771](#), Professional Agreement Progress Report;
2. An "[Affidavit of Indebtedness](#);" and
3. An [ITD-2759](#), Consultant Services Performance Evaluation.

Final payment closes out the Agreement.

540.10 Agreement Administrator Checklist. The Agreement Administrator must ensure that basic contract requirements are met. Use the checklist below to ensure that the consultant agreement contains the following elements:

540.11 Check the math in all areas involving figures.

- ☐ Check the individual employees' hours on the invoice against the copies of payrolls that the consultant provides with each invoice.
- ☐ Compare the wage rates being charged with the certified wage rates on file. Wage rates have a cap of \$45.00. If you feel you do not have a current certified wage rate schedule, please call the Consultant Administration Unit (CAU) to get a copy of the most current one that is on file in our office.
- ☐ Check that the consultant is using the proper overhead rate as listed in the Agreement. If the overhead rate does not match, first check with CAU to see if the consultant has been approved for a higher or lower rate. If CAU confirms that the overhead rate is the Agreement rate, the invoice should be adjusted to reflect the proper overhead rate.
- ☐ Check that the "not-to-exceed" rate has not increased. The consultant is allowed to increase wage rates as his employees are given raises, and to apply a higher or lower overhead rate after being approved by ITD, but the "not-to-exceed" amount never increases due to these changes.
- ☐ Track that the total fixed fee is not overpaid for the project. Most agreements are Cost plus Fixed Fee, which is a set amount paid to the consultant regardless of how many hours it takes to do the work. Each invoice normally charges the fee as a percentage on the invoice that when totaled could allow overpayment.
- ☐ Check for backup documentation for the invoice:

Cost Plus Fixed Fee agreements - the consultant is required to provide back-up documentation for all direct expenses, plus copies of time sheets to justify hours.

Lump Sum agreements - the consultant need only provide an itemized invoice, no back-up documentation is required.

- ☐ Make sure that the consultant is not charging for capital equipment unless authorized by the department.
- ☐ Make sure that an approved PSA (Professional Services Authorization and Invoice Summary) is attached with the invoice. ***An approved PSA must be issued by CAU prior to the work being performed, and an invoice should never be paid if the approved PSA is not attached.*** Sometimes two PSAs will be submitted with one invoice. The current PSA must be zeroed out before the subsequent PSA is used.

Issuance of a new PSA - When the consultant has used approximately 80% of the money on the current PSA, the consultant should call the Agreement Administrator to request a new PSA. The Agreement Administrator and the consultant will discuss how much the new PSA needs to be written for. The Agreement Administrator then sends a written request (e-mail, letter, or [ITD-500](#)) to the CAU requesting the new PSA. The written request should include the consultant name, the agreement number, the key number of the project, and the dollar amount requested.

CAU checks that sufficient funds are obligated to cover the new PSA and any other agreements that are written on that particular project before a new PSA is issued.

If sufficient funds are not obligated, the Agreement Administrator will be notified, and there will be a delay in the issuance of the PSA until sufficient money has been obligated.

If there is additional services written into the agreement, the money allotted for those services can not be touched by the consultant unless the District requests out-of-scope work and the work is negotiated. A new PSA must be issued by CAU before the work can be performed.

CAU will normally issue a new PSA within one to two days, provided everything is in order.

- ☐ Review the front of the [ITD-771](#), Progress Report, and then fill out the back and take action as circumstances dictate. The [ITD-771](#), Progress Report, must be submitted on a monthly basis, and is usually received along with the invoice for that month. A progress report is required each month even if there is no invoice to be submitted. The [ITD-771](#) assists the Agreement Administrator to monitor the work that has been performed vs. time spent and hours invoiced.